

City of Ankeny
FY2010 Budget Policy Statement

Presented: July 14, 2008

SECTION 1: RESERVES AND CONTINGENCIES

- General Fund—20% of general fund appropriations for the succeeding fiscal year in order to provide adequate cash flow and emergency cash funding.
- Operating Funds (general, road use, employee benefits and enterprise funds)—The City will assemble sufficient cash reserves in operating funds for working capital so that short term cash flow financing is not required. The cash reserve will be no less than 20% of the next year's operating budget.
- Equipment Replacement Reserve Fund—The City will establish and maintain an equipment reserve fund to provide for the scheduled purchase of vehicles and equipment, and will annually appropriate funds to it to provide for the timely upgrading and replacement of vehicles and equipment. The amount added to this fund by annual appropriation will be the amount required to maintain the fund at the approved level after credit for the sale of surplus equipment and interest earned by the fund. It is the City's intent that the reserve fund replaces the City's need to borrow, through capital lease purchase agreements, the vehicle and equipment acquisitions, and other improvements.

SECTION 2: REVENUE

- Property Taxes—In order to provide stability and consistency, the property tax levy should remain unchanged unless determined necessary through an annual review.

FY 2010 Budget Issues: A tax levy increase is forecast in the General Fund to fund the total cost of new fire and police positions authorized for FY 2009. A \$0.75 increase in the Debt Service Fund tax levy rate will be required in FY 2010. This increase is a result of Ankeny voter through referendum in 2006 authorizing construction of a group of public safety facilities. The Debt Service Fund rate increase pays the increased cost of principal and interest associated with the public safety referendum.

- Tax Increment Financing—No less than 40% of the incremental value from all urban renewal districts combined, will continue to be released to all taxing jurisdictions.

- Municipal Enterprises—All utilities, including water, sanitary sewer and storm sewer enterprise programs, should be fully self-supported through user fees or charges.

FY 2010 Budget Issues: Public Financial Management the City's financial advisor is scheduled to update its sewer and water utilities revenue analysis in advance of FY 2010 and present a recommendation to the City Council in FY 2009.

- Park and Recreation Fees—The City will attempt to cover at least 40% of the total cost of recreation programming by charging fees for recreation activities and use of city facilities and equipment.

SECTION 3: OPERATING EXPENDITURE POLICIES

- Operating Expenses—Limit department increases for routine, ongoing operating expense line items to 3% or the Consumer Price Index (CPI) increase.
- Employee Compensation and Benefits—Provide for adequate adjustments in pay plans for all permanent union and non-union employees, including POC firefighters/EMTS. Annually review changes in market pay and evaluate the incorporation of across the board market structure adjustments in pay plans.

FY 2010 Budget Issues: Bargaining with the Teamsters over the police contract will resume in the fall of 2008 for the contract beginning July 1, 2009. FY 2009 is the last year of a two year agreement which saw the union receiving 3.25% wage increases each year.

- Staffing—Consider new personnel as recommended by the City Manager.

FY 2010 Budget Issues: Changes in the number of new permanent positions proposed for FY 2010 total nine. The City Manager may recommend a different number of new personnel. Fire and police staffing is anticipated to increase on schedule according to multi-year staffing plans. Full funding of 6 new permanent firefighter/paramedic positions authorized for FY 2009 is required in FY 2010.

- Capital Outlay—The operating budget provides for adequate maintenance of fixed assets and equipment and provides for their orderly replacement.

SECTION 4: EXTERNAL PROGRAMS

- Hotel/Motel Tax Fund—Authorize allocation of tax revenues to satisfy contractual agreements, commitments to city operations and Ankeny-based organizations.

FY 2010 Issues: The current distribution of hotel/motel tax revenue includes a 2/7th allocation to BRAVO of Greater Des Moines. Renewal of the 28E Agreement between the City of Ankeny and BRAVO is a pending FY 2009 Budget issue. BRAVO has proposed a 3 year extension of the 28E Agreement. This may become a FY 2010 budget issue.

SECTION 5: CIVIC TRUST FUND

- City Obligations—Annual expenditures identified in the Capital Improvements Program should be fully funded from financial resources that are anticipated to be current and available. City commitments to the Prairie Trail development for construction of public infrastructure and amenities total \$20 million. Phase II expenditures increase the City's total for project planning and construction by another \$20 million, resulting in a total authorization of \$40 million.
- Developer Obligations—Annual expenditures identified in the Capital Improvements Program should be fully funded from financial resources that are anticipated to be current and available. Developer commitment to the Prairie Trail development for construction of public facilities and public grounds total \$18.75 million. In addition, the Developer is committed to support construction of public facilities outside of Prairie Trail totaling \$6.25 million. Phase II expenditures increase the Developer's total for public facilities and public grounds Prairie Trail by another \$20 million. In total the Developer is providing \$45 million.

SECTION 6: CAPITAL IMPROVEMENTS PROGRAM

- Projects—Evaluate all requests for capital improvement projects using the following criteria:
 - a. Source of funding including availability of additional revenue
 - b. Total project cost (design and development) and schedule for completion
 - c. Operating and maintenance costs for at least a five-year period following completion
 - d. Life of asset
 - e. Benefits to the city including but not limited to the affect on future operating and maintenance costs, economy, services, public health and safety, the environment, segment of population to be affected, and special considerations.
 - f. Alternatives considered
 - g. Consequences of not funding or deferral
 - h. Evaluation of citizen input
 - i. Impact on strategic plan for the city

- Cost Estimates—Revise cost estimates after completion of design.
- Design—Design facilities using current technology in order to be efficient and cost effective, protect the public welfare and minimize adverse effects on the environment.
- Multi-Year Projects—Annually evaluate multi-year capital projects.
- Priorities—Give priority to replacement or repair of existing assets.
- Plan Maintenance—Prepare and update annually a capital improvement plan including construction and purchases of city assets.
- Non-Construction Expenses—Limit interest, operating, administrative and/or maintenance expenses capitalized for capital projects to those expenses incurred prior to actual operation of the facility.
- Offices—Consolidate offices into fewer buildings and move from leased to owned facilities as much as possible.
- Long-Term Financing—Long-term borrowing shall be limited to capital improvement projects that cannot be financed from current revenues and to capital equipment with a useful life of 20 years or greater and a purchase cost of \$250,000 or greater. Other policies governing long-term debt include:
 - a. Finance capital projects for a period not to exceed the expected useful life of the project.
 - b. Maintain good communication with rating agencies and provide required disclosure on every financial report and bond prospectus.
 - c. Prohibit debt or bond financing from being used to support current operating expenditures.
 - d. Total debt outstanding, including overlapping debt, will be considered when planning additional debt issuance.
 - e. The City's share of utility projects, including City costs of over-width or over-depth paving of major streets, should be financed with Road Use Funds or other revenue sources when funds are available and appropriate.
 - f. The City's share of utility projects, including City cost of over-sizing of water, sewer and storm sewer mains, should be financed with utility funds and other revenue sources when funds are appropriate and available.
 - g. The use of general obligation bonds for projects does not dismiss the potential of pro rata payment for debt service by specifically benefitted funds such as water, sewer, storm water, or road use.
 - h. Financing requirements will be reviewed annually. The timing for financing will be based upon the City's needs for funds, market conditions and debt management policies.